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OFFICE OF THE COMPTROLLER
CITY OF ST. LOUIS



Internal Audit Section

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Comptroller

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November 12, 2004

Mary Cable, Director
Olive Branch
3033 N. Euclid
St. Louis, MO 63115

RE: Fiscal Monitoring Report of Olive Branch, Supportive Housing Program (SHP)
(#2005-HOM7)

Dear Ms. Cable:

Enclosed is a report of our fiscal monitoring review of the Olive Branch (Document #47874) for the period August 1, 2003 through September 30, 2004. The scope of a fiscal monitoring review is substantially less than an audit, and as such, we do not express an opinion on the financial operations of Olive Branch. Our fieldwork was substantially completed on October 14, 2004.

This review was made under authorization contained in Section 2, Article XV of the Charter, City of St. Louis, as revised and through an agreement with the Department of Human Services (DHS) to provide fiscal monitoring to all grant subrecipients. If you have any questions, please contact me at 613-7257.

Sincerely,

A handwritten signature in cursive script that reads "Dwayne Crandall".

Dwayne Crandall, MHA, CIA, CPA
Internal Audit Supervisor

Cc: Honorable Darlene Green, Comptroller
Patrick Brennan, Fiscal Manager, Department of Human Services

Enclosure



CITY OF ST. LOUIS

*DEPARTMENT OF HUMAN SERVICES (DHS)
HOMELESS SERVICES PROGRAM*

*OLIVE BRANCH
SUPPORTIVE HOUSING PROGRAMS (SHP)
DOCUMENT #47874*

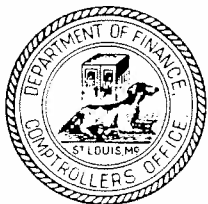
FISCAL MONITORING REVIEW

AUGUST 1, 2003 THROUGH SEPTEMBER 30, 2004

PROJECT #2005-HOM7

DATE ISSUED: NOVEMBER 12, 2004

*Prepared by:
The Internal Audit Section*



OFFICE OF THE COMPTROLLER

Honorable Darlene Green, Comptroller

**CITY OF ST. LOUIS
DEPARTMENT OF HUMAN SERVICES (DHS)
HOMELESS SERVICES
OLIVE BRANCH
DOCUMENT #47874
FISCAL MONITORING REVIEW
AUGUST 1, 2003 THROUGH SEPTEMBER 30, 2004**

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**CITY OF ST. LOUIS
DEPARTMENT OF HUMAN SERVICES (DHS)
HOMELESS SERVICES
OLIVE BRANCH
DOCUMENT #47874
FISCAL MONITORING REVIEW
AUGUST 1, 2003 THROUGH SEPTEMBER 30, 2004**

INTRODUCTION

Background

Contract Name: Olive Branch

Document Number: #47874

Contract Period: August 1, 2003 through July 31, 2005

Contract Amount: \$296,048

This contract provides funds from the Department of Housing and Urban Development (HUD), Supportive Housing Program (SHP) to Olive Branch to provide transitional housing and nighttime or daytime shelter for those individuals that are homeless.

Purpose

The purpose of this fiscal monitoring review was to determine Olive Branch's (Document #47874) compliance with federal, state and local Department of Human Services (DHS) requirements for the period August 1, 2003 through September 30, 2004, and make recommendations for improvements.

Scope and Methodology

We made inquiries regarding Olive Branch's internal controls relating to the grant administered by the Department of Human Services (DHS), tested evidence supporting the reports the Agency submitted to DHS and performed other procedures considered necessary. Our fieldwork was substantially completed on October 14, 2004. Management's responses were received on November 9, 2004 and have been incorporated into this report.

CITY OF ST. LOUIS
DEPARTMENT OF HUMAN SERVICES (DHS)
HOMELESS SERVICES
OLIVE BRANCH
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CONCLUSION AND SUMMARY OF OBSERVATIONS

Conclusion

Olive Branch did not fully comply with federal, state and local DHS requirements.

Status of Prior Observations

The Agency's most recent fiscal monitoring report dated May 13, 2003 identified two observations.

1. The Agency did not require two (2) authorized signatures on checks under \$1,000.00. **(Repeated. See Current Observation.)**
2. The Agency did not submit monthly financial reports in a timely manner. **(Resolved.)**

A-133 Status

According to a letter received from Agency management dated October 14, 2004, Olive Branch was not required to obtain an A-133 audit for the period ending December 31, 2003 because it did not expend \$300,000 or more in Federal funds.

Summary of Current Observations

We made recommendations for the following observation, which if implemented, could assist Olive Branch in fully complying with federal, state, and local DHS requirements.

- The Agency does not require two (2) authorized signatures on checks under \$1,000.00.

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**DETAILED OBSERVATIONS, RECOMMENDATIONS
AND MANAGEMENT'S RESPONSES**

The Agency does not Require Two (2) Authorized Signatures on Checks

The Department of Human Services policy guidelines require the Agency to have two authorized personnel sign checks. The Agency does not require at least two authorized people to sign checks under \$1,000.00, but does for all checks over \$1,000.00. However, there are strong internal controls in place regarding the invoice processing and check printing. This is a case of non-compliance with DHS policy guidelines.

Recommendation

We recommend the Agency comply with DHS policy guidelines and require two authorized signatures for all checks or request a waiver from DHS.

Management's Response

Concurrence Status: The National Benevolent Association determines policy and procedures governing signatures on checks for the Olive Branch. It is not required to have two signatures on checks that are less than \$1,000.

NBA the Olive Branch requests a waiver from DHS. Please forward any document that must be completed to accomplish the waiver.

Auditor's Response

We recommend Agency personnel contact DHS, Homeless Services with a request for a waiver. This request should outline what procedures and controls are in place to reduce any risk.